

4-17-1984

Personal Income, Bank And Corporation Tax Laws.

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Office of the Secretary of State
March Fong Eu

1230 J Street
Sacramento, California 95814

Elections Division
(916) 445-0820

0353

September 18, 1984

TO: ALL REGISTRARS OF VOTERS/COUNTY CLERKS/PROPONENT (8425)
FROM: 
DEBORAH SEILER
ASSISTANT TO THE SECRETARY OF STATE
ELECTIONS AND POLITICAL REFORM

Pursuant to Elections Code 3520(b) you are hereby notified that the total number of signatures to the hereinafter named proposed INITIATIVE STATUTE filed with all county clerks is less than 100 percent of the number of qualified voters required to find the petition sufficient; therefore, the petition has failed.

TITLE: PERSONAL INCOME, BANK AND
CORPORATION TAX LAWS.
INITIATIVE STATUTE.

SUMMARY DATE: April 12, 1984

PROPONENT: Conway H. Collis

DS/lfs



Office of the Secretary of State
March Fong Eu

1230 J Street
Sacramento, California 95814

0353
Elections Division
(916) 445-0820

April 12, 1984

TO ALL REGISTRARS OF VOTERS, OR COUNTY CLERKS, AND PROPONENT

Pursuant to Section 3513 of the Elections Code, we transmit herewith a copy of the Title and Summary prepared by the Attorney General on a proposed Initiative Measure entitled:

**PERSONAL INCOME, BANK AND CORPORATION TAX LAWS.
INITIATIVE STATUTE**

Circulating and Filing Schedule

1. Minimum number of signatures required 393,835
Cal. Const., Art. II, Sec. 8(b).
2. Official Summary Date Thursday, 4/12/84
Elec. C., Sec. 3513.
3. Petition Sections:
 - a. First day Proponent can circulate Sections for signatures . . Thursday, 4/12/84
Elec. C., Sec. 3513.
 - b. Last day Proponent can circulate and file with the county.
All Sections are to be filed at the same time within each
county. Tuesday, 9/11/84*+
Elec. C., Secs. 3513, 3520(a).
 - c. Last day for county to determine total number of signatures
affixed to petition and to transmit total to the Secretary of
State Tuesday, 9/18/84

(If the Proponent files the petition with the county on a date prior to 9/11/84, the county has five working days from the filing of the petition to determine the total number of signatures affixed to the petition and to transmit the total to the Secretary of State.) Elec. C., Sec. 3520(b).

* Date adjusted for official deadline which falls on Sunday. Elec. C., Sec. 60.

+ **PLEASE NOTE:** To the Proponent who may wish to qualify for the 1984 General Election. The law allows up to approximately 58 days to county election officials for checking and reporting petition signatures and transmitting results. The law also requires that this process be completed 131 days before the election in which the people will vote on the initiative. It is possible that the county may not need precisely 58 days. But if you want to be sure that this initiative qualifies for the 1984 General Election, you should file this petition with the county before May 1, 1984.

PERSONAL INCOME, BANK AND
CORPORATION TAX LAWS.

April 12, 1984

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d. Secretary of State determines whether the total number of signatures filed with all county clerks meets the minimum number of required signatures, and notifies the counties. Thursday, 9/20/84**

e. Last day for county to determine total number of qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State Friday, 10/5/84

(If the Secretary of State notifies the county to determine the number of qualified voters who signed the petition on a date other than 9/18/84, the last day is not later than the fifteenth day after county's receipt of notification.)
Elec. C., Sec. 3520(d), (e).

f. If the signature count is more than 433,218 or less than 354,452, then the Secretary of State certifies the petition has qualified or failed, and notifies the counties. If the signature count is between 354,452 and 433,218 inclusive, then the Secretary of State notifies the counties using the random sampling technique to determine the validity of all signatures Sunday, 10/7/84**

g. Last day for county to determine actual number of all qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State Tuesday, 11/6/84

(If the Secretary of State notifies the county to determine the number of qualified voters who have signed the petition on a date other than 10/5/84, the last day is not later than the thirtieth day after county's receipt of notification.)
Elec. C., Sec. 3521(b), (c).

h. Secretary of State certifies whether the petition has been signed by the number of qualified voters required to declare the petition sufficient. Thursday, 11/8/84**

**Date varies based on receipt of county certification.

PERSONAL INCOME, BANK AND
CORPORATION TAX LAWS.

April 12, 1984

Page 3

4. Campaign Statements:

Last day for the Proponent to file a Campaign
Statement of Receipts and Expenditures for period
ending 10/9/84. Tuesday, 10/16/84

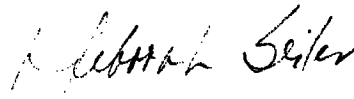
(If the Secretary of State finds that the measure has
either qualified or failed to qualify on a date earlier
than 9/11/84, the last date to file is the 35th calendar
day after the deadline for filing petitions or the date of
notification by the Secretary of State that the measure
has either qualified or failed to qualify, whichever is
earlier. The closing date for the campaign statement
is seven days prior to the filing deadline.)

Gov. C., Secs. 84200(d), 84202(j).

5. The Proponent of the above named measure is:

Conway H. Collis
901 Wilshire Boulevard, Suite 210
Santa Monica, CA 90401
(213) 451-5777

Sincerely,



DEBORAH SEILER
Assistant to the Secretary of State
Elections and Political Reform

NOTE TO PROPONENT: Your attention is directed to Elections Code
Sections 41, 44, 3501, 3507, 3508, 3516, 3517, and 3519 for appropriate
format and type considerations in printing, typing, and otherwise preparing
your initiative petition for circulation and signatures. Your attention is
further directed to the campaign disclosure requirements of the Political
Reform Act of 1974, Government Code Section 81000 et seq.

JOHN K. VAN DE KAMP
Attorney General

0353
State of California
DEPARTMENT OF JUSTICE



1515 K STREET, SUITE 511
SACRAMENTO 95814
(916) 445-9555

April 12, 1984

Honorable March Fong Eu
Secretary of State
1230 J Street
Sacramento, California 95814

Dear Mrs. Eu:

Re: Initiative Title and Summary.
Our File No. SA84RF0003

Pursuant to the provisions of section 3503 and 3513 of the Elections code, you are hereby notified that on this day we mailed to the proponent(s) of the above identified proposed initiative our title and summary.

Enclosed is a copy of our transmittal letter to the proponent(s), a copy of our title and summary, a declaration of mailing thereof, and a copy of the proposed measure.

According to information available in our records, the name(s) and address(es) of the proponent(s) is as stated on the declaration of mailing.

Very truly yours,

JOHN K. VAN DE KAMP
Attorney General

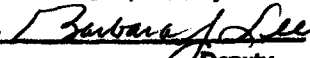

Robert Burton
Deputy Attorney General

Enclosure

FILED
In the office of the Secretary of State
of the State of California

APR 12 1984

MARCH FONG EU, Secretary of State

By  Deputy

(RF-10, 6/83)

Date: April 17, 1984
File No.: SA84RF0003

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

PERSONAL INCOME, BANK AND CORPORATION TAX LAWS. INITIATIVE STATUTE. Effective in 1985, provides taxable income and filing status of California taxpayers shall be determined by federal income tax law except for specified exceptions. Modifies existing California tax rates, increasing some and lowering others. Provides for future tax rate adjustments to compensate for future federal law amendments resulting in projected state revenue increase or decrease of 3.5% or over. Effective in 1986, provides legislature shall conform state laws on reporting and computation of bank and corporation taxes to federal laws and adjust California rates so there is no resulting revenue loss. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: Revenue effects through adoption of federal law. Impact on state revenues from the personal income tax changes can only be roughly approximated because of several unknowns. Adoption of the initiative could result in state revenue loss of up to \$200 million in 1985. Beyond 1985, revenue effect is indeterminable. Because of tax adjustments there would be no revenue loss from the bank and corporation tax changes. Revenue effects due to future federal law changes. There is a potential annual

(RF-6)

(continued)

revenue loss or gain from the personal income tax changes of up to \$370 million if future federal law changes impact on state revenue is less than 3.5%. Future changes could result in an indeterminable state revenue gain in bank and corporation taxes if their effect is to raise taxable corporate income. State costs. There is a potential for major administrative cost increases due to federal law changes after state tax forms have been prepared and unknown audit-related administrative cost increases.

Amended A ()

SECTION 1. Title "THE SHORT AND SIMPLE TAX PLAN"

The provisions of this initiative measure shall be known as "The Short and Simple Tax Plan".

SECTION 2. Purpose

The purpose of this measure is to simplify the reporting and computation of California income taxes, by conforming them to the laws of the United States.

SECTION 3. Chapter 1.5 is added to Part 10 of Division 2 of the Revenue and Taxation Code to read:

CHAPTER 1.5

17040. (a) Notwithstanding any other provision of this part, a tax is hereby imposed upon the entire taxable income, as defined in Section 17040.1, of all residents of this state and of all estates, trusts and common trust funds, in the following amounts and at the following rates upon the amount of taxable income:

(1) Residents of this state, except heads of households--

IF THE TAXABLE
INCOME IS . . . THE TAX IS . . .

OVER	BUT NOT OVER		OF AMOUNT OVER . . .
0	4000...	NO TAX	
4000	6100...	0.00 PLUS 1.0 %	4000
6100	8200...	21.00 PLUS 2.0 %	6100
8200	10300...	63.00 PLUS 3.0 %	8200
10300	12400...	126.00 PLUS 4.0 %	10300
12400	14500...	210.00 PLUS 5.0 %	12400
14500	16600...	315.00 PLUS 6.0 %	14500
16600	18700...	441.00 PLUS 7.0 %	16600
18700	20800...	588.00 PLUS 8.0 %	18700
20800	22900...	756.00 PLUS 9.0 %	20800
22900	25000...	945.00 PLUS 10.0 %	22900
25000	27100...	1155.00 PLUS 11.0 %	25000
27100	29200...	1386.00 PLUS 12.0 %	27100
29200	31300...	1638.00 PLUS 13.0 %	29200
31300	33400...	1911.00 PLUS 14.0 %	31300
33400	AND OVER..	2205.00 PLUS 15.0 %	33400

(2) Heads of households --

IF THE TAXABLE
INCOME IS... THE TAX IS...

OVER	BUT NOT OVER		OF AMOUNT OVER...
0	8000...	NO TAX	
8000	10500...	0.00 PLUS 1.0 %	8000
10500	13000...	25.00 PLUS 2.0 %	10500
13000	15500...	75.00 PLUS 3.0 %	13000
15500	18000...	150.00 PLUS 4.0 %	15500
18000	20500...	250.00 PLUS 5.0 %	18000
20500	23000...	375.00 PLUS 6.0 %	20500
23000	25500...	525.00 PLUS 7.0 %	23000
25500	28000...	700.00 PLUS 8.0 %	25500
28000	30500...	900.00 PLUS 9.0 %	28000
30500	33000...	1125.00 PLUS 10.0 %	30500
33000	35500...	1375.00 PLUS 11.0 %	33000
35500	38000...	1650.00 PLUS 12.0 %	35500
38000	40500...	1950.00 PLUS 13.0 %	38000
40500	43000...	2275.00 PLUS 14.0 %	40500
43000	AND OVER...	2625.00 PLUS 15.0 %	43000

(3) Estates, trusts and common trust funds --

IF THE TAXABLE INCOME IS...		THE TAX IS...			
OVER	BUT NOT OVER	OF AMOUNT OVER...			
0	2100...	0.00	PLUS	1.0 %	0
2100	4200...	21.00	PLUS	2.0 %	2100
4200	6300...	63.00	PLUS	3.0 %	4200
6300	8400...	126.00	PLUS	4.0 %	6300
8400	10500...	210.00	PLUS	5.0 %	8400
10500	12600...	315.00	PLUS	6.0 %	10500
12600	14700...	441.00	PLUS	7.0 %	12600
14700	16800...	588.00	PLUS	8.0 %	14700
16800	18900...	756.00	PLUS	9.0 %	16800
18900	21000...	945.00	PLUS	10.0 %	18900
21000	23100...	1155.00	PLUS	11.0 %	21000
23100	25200...	1386.00	PLUS	12.0 %	23100
25200	27300...	1638.00	PLUS	13.0 %	25200
27300	29400...	1911.00	PLUS	14.0 %	27300
29400	AND OVER.	2205.00	PLUS	15.0 %	29400

(b) For the purposes of the taxes imposed under this part, filing status shall be determined in accordance with federal income tax law.

(c) (1) A tax is imposed for each taxable year upon the entire taxable income from California sources of every nonresident and part-year resident which shall be an amount equal to the tax computed under paragraph (1) or (2) of subdivision (a) as if the nonresident or part-year resident were a resident, and that amount multiplied by the ratio (not to exceed 100 percent) of taxable income from California sources to total taxable income.

(2) For the purposes of paragraph 1 of subdivision (c), taxable income from California sources shall be calculated under the applicable federal law with the adjustments provided in Section 17040.1.

(3) For the purposes of this part, in the case of part-year residents, "income from California sources" shall include all income from whatever source derived which is accrued during the period of California residency.

(d) For each taxable year beginning on or after January 1, 1986, the Franchise Tax Board shall recompute the income tax brackets prescribed in paragraphs (1), (2), and (3) of subdivision (a). The computation shall be made as follows:

The California Department of Industrial Relations shall transmit annually to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the prior calendar year to June of the current calendar year, no later than August 1 of the current calendar year. The Franchise Tax Board shall compute an inflation adjustment factor by adding 100 percent to that percentage change figure and dividing the sum by 100. The Franchise Tax Board shall then adjust the income tax brackets by multiplying each bracket by the computed inflation adjustment factor, rounding off each bracket to the nearest ten dollars (\$10).

17040.1. For the purposes of this part "taxable income" means taxable income as determined under the laws of the United States with the following adjustments:

(a) Taxable income shall include interest on the obligations of a state or political subdivision of a state other than California and political subdivisions of California.

(b) Taxable income shall not include:

(1) Income which this state is prohibited from taxing under the Constitution or laws of the United States of America or under the Constitution of this state.

(2) Unemployment compensation received under a law of the United States or of any state within the United States.

(3) Social security benefits, including Tier I Railroad Retirement benefits.

(4) Refunds of taxes imposed under this part or under the income tax laws of any state or refunds of any local income tax which may be imposed in this or any other state.

(5) Income which was reported and taxable under this part in any preceding year.

(c) No deduction shall be allowed to the extent provided in Section 17220 (relating to income taxes) and Section 17280 (relating to expenses attributable to tax exempt income).

17040.2 (a) In addition to the tax imposed by subdivision (a) of Section 17040, there is hereby imposed a tax upon all resident individuals, estates and trusts equal to the excess (if any) of

(1) An amount equal to eight percent of the alternative minimum taxable income which exceeds the exemption amount, over

(2) The regular tax for the taxable year.

(b) Alternative minimum taxable income means the alternative minimum taxable income for the taxable year as provided under federal income tax law adjusted in accordance with Section 17040.1.

(c) Regular tax means the tax imposed under subdivision (a) of Section 14070 less all credits allowed by this part except the credits provided by Section 17053.5 (relating to the renters credit), Section 17061 (relating to excess state disability tax withheld), and Section 18551.1 (relating to income tax withheld).

(d) The exemption amount referred to in paragraph (1) of subdivision (a) is as follows:

(1) \$20,000 in the case of single individuals, married individuals filing separate returns, heads of household, and estates and trusts.

(2) \$40,000 in the case of married persons filing joint returns and surviving spouses.

(e) In addition to the tax imposed by subdivision (c) of Section 17040, a tax is hereby imposed upon the alternative minimum taxable income of nonresidents and part-year residents from sources within this state. The tax shall be computed as if the nonresident or part-year resident were a resident, and that amount multiplied by the ratio (not to exceed 100 percent) of California alternative minimum taxable income to total alternative minimum taxable income, as adjusted in accordance with Section 17040.1.

17040.3 (a) In addition to the tax imposed by subdivision (a) of Section 17040, there is hereby imposed upon all resident individuals, estates and trusts, a separate tax calculated pursuant to Section 402(e) of the Internal Revenue Code with respect to the ordinary income portion of a lump sum distribution from a trust which forms a part of a qualified pension, profit-sharing or stock bonus plan to the extent deducted from federal taxable income under Section 402(e)(3) of the Internal Revenue Code, provided that the separate tax shall be calculated by using a tax rate table of paragraph (1) of subdivision (a) of Section 17040 rather than subsection (c) of Section 1 of the Internal Revenue Code.

(b) In addition to the tax imposed by subdivision (c) of Section 17040 a separate tax is hereby imposed upon the ordinary income portion of a lump sum distribution (as and to the extent described in subdivision (a)) of non-residents and part-year residents from sources within this State. The separate tax shall be computed as if the non-resident or part-year resident were a resident, and that amount multiplied by the ratio (not to exceed 100%) of the ordinary income portion from California sources to the total ordinary income portion.

17040.4. In the case of any individual, there shall be allowed as a credit against the tax imposed under Section 17040, an amount equal to the credit allowed under the federal income tax law for political and newsletter fund contributions.

17040.5. For the purposes of applying any definitional, administrative (including the manner in which the tax imposed is to be calculated and returns are required to be filed), penalty or credit provision of this part, and for the application of any section of this part which does not directly relate to the computation of taxable income, references to gross income or adjusted gross income shall mean gross income or adjusted gross income as these terms are defined in the Internal Revenue Code, but with the adjustments specified in Section 17040.1 (relating to the computation of taxable income), and references to Section 17041 shall mean Section 17040.

17040.6. If it is certified to the Franchise Tax Board by its staff that the projected effect of the enactment or amendment of any federal law affecting the computation of taxable income for any given fiscal year would be to increase or decrease projected state revenues for the fiscal year beginning in that taxable year from the personal income tax by 3.5 percent or more, the Franchise Tax Board shall on October 1 or within 20 days of the federal change, whichever is later, in the absence of legislative action, adjust the rates prescribed in Section 17040 pro rata per bracket in such a manner as to compensate for the federal change and to keep state revenues from the personal income tax at the level projected before the change.

SECTION 4. The provisions of Section 3 and Section 8 may be amended or repealed by a vote of the electors through the initiative process, or by the Legislature by a statute passed in each house by roll call vote entered in the journal two-thirds of those members voting concurring, without the approval of the electors.

SECTION 5. Sections 17024.5, 17041, 17042, 17042.5, 17054, 17054.5, 17054.6, 17723, 17732, 17753, 17855, 17856, and 17857 as well as Chapter 2.1, Chapter 2.6, Chapter 3, Articles 1 through 6 (except for Section 17220 and 17280), Chapter 5 (except for Section 17509), Chapter 13 and Chapter 14 shall have no force and effect for taxable years beginning after December 31, 1984, and shall not be operative after that date.

SECTION 6. The provisions of this initiative shall, for purposes of the personal income tax law, apply with respect to taxable years beginning on and after January 1, 1985, and for purposes of the Bank and Corporation Tax law with respect to income years beginning on and after January 1, 1986.

SECTION 7. The Legislature shall prescribe transitional rules as may be necessary to effect the purposes of this initiative measure. Such transitional rules shall not be subject to the two-thirds vote requirement prescribed in SECTION 4.

SECTION 8. The Legislature shall, for the purpose of simplifying the reporting and computation of taxes imposed by the California Bank and Corporation Tax law conform California's law to the laws of the United States, as they now exist and as they become effective at any time or from time to time, with respect to provisions relating to: 1) tax preference income, 2) depletion, 3) depreciation, 4) amortization, 5) capital gains, 6) net operating losses, and 7) subchapter S corporations. Further, the Legislature shall adjust Bank and Corporation tax rates so that there is no revenue loss to California as a result of such conformity.

SECTION 9. If any section, subdivision, paragraph, subparagraph, clause, sentence, phrase or other portion of this initiative measure or the applications thereof to any person or in any circumstance is held invalid by a court of competent jurisdiction, such invalidity shall not affect any other provisions or applications of this initiative measure which can be given effect without the

invalid provision or application, and to this end the provisions of this initiative measure are severable.

Specifically, if the prospective conformity provisions of this measure are held to be invalid, all references to federal law contained in this measure shall be deemed to refer to federal law as of the date of enactment of this initiative.

DECLARATION OF MAILING

The undersigned Declarant, states as follows:

I am over the age of 18 years and not a proponent of the within matter; my place of employment and business address is 1515 K Street, Suite 511, Sacramento, California 95814.

On the date shown below, I mailed a copy or copies of the attached letter to the proponents, by placing a true copy thereof in an envelope addressed to the proponents named below at the addresses indicated, and by sealing and depositing said envelope or envelopes in the United States mail at Sacramento, California, with postage prepaid. There is delivery service by United States mail at each of the places so addressed, or there is regular communication by mail between the place of mailing and each of the places so addressed.

Date of Mailing: April 12, 1984

Subject: Personal Income, Bank and Corporation
Tax Laws

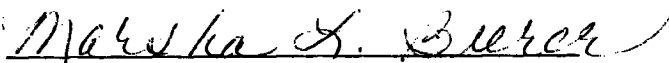
Our File No.: SA84RF0003

Name of Proponent(s) and Address(es):

Conway H. Collis
901 Wilshire Boulevard, Suite 210
Santa Monica, California 90401

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Sacramento, California on April 12, 1984.


MARSHA L. BIERER
Declarant

JOHN K. VAN DE KAMP

Attorney General

State of California
DEPARTMENT OF JUSTICE

1515 K STREET, SUITE 311
SACRAMENTO, 95814
916 445 9000

April 12, 1984

Conway H. Collis
901 Wilshire Boulevard, Suite 210
Santa Monica, California 90401

Re: Initiative Title and Summary.
Subject: Personal Income, Bank and Corporation Tax Laws
Our File No. SA84RF0003

Pursuant to your request, we have prepared the attached title and summary of the chief purposes and points of the above identified proposed initiative. A copy of our letter to the Secretary of State, as required by Elections Code sections 3503 and 3513, our declaration of mailing, and the text of your proposal that was considered is attached.

The Secretary of State will be sending you shortly a copy of the circulating and filing schedule for your proposal that will be issued by that office.

Please send us a copy of the petition after you have it printed. This copy is not for our review or approval, but to supplement our file in this matter.

Very truly yours,

JOHN K. VAN DE KAMP
Attorney General

Robert Burton
Deputy Attorney General

Attachment